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WATER RECYCLING FUNDING PROGRAM

RESPONSE TO QUESTIONS RAISED AT AUGUST 19, 2004, STAKEHOLDER WORKSHOP

September 3, 2004

The following questions were asked at the draft Water Recycling Funding Program Guidelines (Guidelines) Stakeholder Workshop held by State Water Resource Control Board (SWRCB) staff on August 19, 2004. The following responses reference the current draft Guidelines.

1. Is population going to be taken into account in the geographic distribution of Proposition 50 grant funds?

Response: The geographic distribution of construction grant funds is addressed in Section III.D of the Guidelines. If the SWRCB receives funding requests in an amount greater than the available amount of funds, then geographic distribution will be one of the factors to be considered for the distribution of available funds. The distribution is defined based on counties. A minimum of 40 percent of funds is reserved for six southern California counties, which represent about 56 percent of the state population. A minimum of 40 percent of funds is also reserved for the remaining counties. The remaining 20 percent of funds can be applied to projects in any county. There is no explicit consideration of population in distributing funds or ranking of projects.

2. Will there be any additional funds for water recycling projects from Chapter 7 of Proposition 50?

Response: All of the local assistance for water recycling has been appropriated to the SWRCB. Not all of the first appropriation in fiscal year 2002/2003 has been encumbered. Thus, there may be a small amount of additional funds.

3. Is the treatment of urban stormwater runoff considered eligible for water recycling funding?

Response: Urban stormwater runoff is not considered municipal wastewater. In accordance with Section III.B of the Guidelines, only projects that reuse municipal wastewater or groundwater contaminated due to human activity are eligible for funding.

4. Is there a difference between groundwater reclamation and groundwater cleanup?

Response: Yes. Groundwater reclamation includes treating groundwater contaminated due to human activity and making direct beneficial use of the treated water. While groundwater cleanup may include groundwater reclamation, many cleanup projects may not include treatment of the groundwater or direct beneficial use of the extracted groundwater. Groundwater cleanup does not qualify for Water Recycling Funding Program funding unless it meets the specified criteria for

groundwater reclamation.

5. If a project is going to reuse a combination of stormwater and municipal wastewater, how is funding separated?

Response: A determination of the eligible capacity of the project will have to be made for each project component based on the controlling design criteria to accommodate the stormwater and municipal wastewater. Costs would then be allocated on a pro rata basis in accordance with Section III.I.3 of the Guidelines. The eligible cost would be the cost allocated to capacity to serve the municipal wastewater.

6. If an applicant appears to qualify for retroactive funding, but failed to comply with the construction specifications requirements of the program, would this disqualify a project for grant funding?

Response: There are certain statutory and state contracting requirements that govern the content of construction specifications in bidding documents. Depending on the nature of failure to conform to these requirements, it is possible that an applicant may not qualify for funding. Normally, the bidding documents would be reviewed after the applicant submits a funding application. However, an applicant should not be hesitant to apply for funding without knowing whether the bidding documents are in compliance. An applicant may request a preliminary review of the construction specifications for a tentative determination of compliance before submitting a formal grant application.

7. Are applications being accepted for water recycling planning grants?

Response: Planning grant applications are being accepted continuously under provisions described in Section II of the Guidelines. It is not necessary for a planning grant applicant to be placed on the Competitive Project List, and there is no deadline for submitting planning grant applications. Planning grants are funded by Proposition 13 loan repayments. Therefore, requirements for Proposition 50 funded projects do not apply to planning studies funded by the Water Recycling Funding Program.

8. Can a grant received from the Water Recycling Construction Program be matched with funding assistance from other state or federal programs?

Response: Yes. Grants or loans from other state or federal programs may be used to match the Water Recycling Construction Program grants, unless there is a restriction on those other funds that prohibits it.

9. Is there a limit on the number of grants or the total amount of grants that can be received by one applicant?

Response: No. There are funding limits applied to projects receiving planning grants and construction grants, as described in Sections II.A, III.A, and III.D of the Guidelines. An agency can



apply for more than one grant, and the funding limits apply to each project and not to the applicant.

10. If a project qualifies for retroactive funding, will it qualify for the design cost allowance described in Section III.J of the Guidelines?

Response: Yes. The allowance calculation will be applied to the eligible construction costs incurred after January 1, 2004.

11. Can State Revolving Fund (SRF) loans for water recycling projects be funded retroactively?

Response: While SRF loans can be used in tandem with Water Recycling Construction Program grants using Proposition 50 funds, the programs are independent. In accordance with Section III.A of the Guidelines, eligible construction costs incurred after January 1, 2004 will be eligible for Proposition 50 grant funds for projects that started construction prior to receiving a funding commitment from the Division of Financial Assistance. This provision does not apply to SRF funding. The applicable provision regarding retroactive funding under the SRF is described in Section VI of the Policy for Implementing the State Revolving Fund for Construction of Wastewater Treatment Facilities (SRF Policy). In order to qualify for retroactive SRF funding, all project approvals must have been issued before initiating construction.

12. If an applicant receives Facilities Plan Approval or Final Plans and Specifications Approval for a water recycling grant under the Water Recycling Construction Program, does the applicant automatically qualify for SRF loan funds?

Response: No. Approvals under one program do not automatically qualify an applicant for funding under the other program. An applicant must make a formal application for SRF loan funding and receive the necessary approvals under the SRF loan program. The SRF program has additional requirements that must be included in the project application. An applicant can make simultaneous application for funding under both the Water Recycling Construction Program and the SRF loan program, such that reviews and approvals take place concurrently.

13. How can an applicant make simultaneous application to more than one program for funding a water recycling project?

Response: The Financial Assistance Application form in Appendix E of the Guidelines allows an applicant to simultaneously apply for more than one program, as appropriate. The SRF loan program and the Water Recycling Construction Program are the most appropriate options for water recycling projects. By the applicant checking more than one program, the Division of Financial Assistance will conduct a simultaneous review for compliance with more than one program.

14. If a project is already on the priority list for the SRF, does it also need to be placed on the Competitive Project List (CPL) for the Water Recycling Construction Program?

Response: Yes. Information questionnaires will be accepted until approximately 60 days after State

Water Resources Control Board adoption of the Guidelines for placement on the initial CPL.

15. Is compliance with the National Environmental Policy Act (NEPA) sufficient for environmental review compliance under the SRF?

Response: No. While the SRF is partially federally funded, environmental documents must comply with provisions under both NEPA and the California Environmental Quality Act (CEQA), informally called “CEQA Plus” requirements, as described in Section IX.B of the SRF Policy. For example, in addition to compliance with CEQA, cultural resources impacts documents must receive concurrence from the State Historic Preservation Officer before SRF funding can be issued.

For further assistance, please contact Water Recycling Funding Program staff at (916) 341-5700 or WRFP@swrcb.ca.gov.

